

MEMBERS PRESENT: A Quorum

GUESTS: Mr. Pat Mulroy, Clark County  
Mr. Robert C. Sanford, City of Reno  
Mr. J. D. Hoggard, EOB of Clark County  
Mr. John Crossley, LCB-Audit Dept.

Mr. Dini called the meeting to order at 8:35 A.M. The first bill to be considered is AB-606 - Contingently requires director of Office of Community Services to contract with certain local non-profit agencies for administration of certain public assistance.

Mr. David Hoggard, Executive Director of Economic Opportunity Board of Clark County: I would like you to know that I support AB-606. His testimony is attached hereto as EXHIBIT A, and made a part of these minutes.

Mr. Larry Sullivan, State Office of Community Services: We strongly oppose AB-606 and ask that this committee not allow it to go any further. We feel that it is premature. We do not know what form the block grants will take at this point and until Congress has decided what form that will be and those funds arrive in this state, we think it is premature to set into law how they will be administered. At that time, we think that the Legislature and the Governor's Office will be more than capable of deciding what state agencies will administer those funds and how they will be put out to the people in the state. This bill would seem to be an attempt by EOB and CSA to legislate their own survival and we don't blame them for the attempt. However, it seems that it will be at the expense of a large part of the state. The committee should be aware that only five of the seventeen Nevada counties have private non-profit corporations which are capable of handling these funds. In other words, this bill would seem to exclude the people in twelve of Nevada counties from receiving any benefits from the social service grant. It would also exclude the Office of Community Services dealing with local governments in lieu of private non-profit corporations. If OCS is chosen to administer portions of the block grant, we have every intention of continuing to work with EOB and CSA as service providers. We have worked profitably and well with them in the past and will continue to do so, but what would happen to us in Las Vegas or Clark County if one of these private corporations decided, which is their right, to go out of business? They are also at risk at this time because funds in this entire area are being cut and rearranged substantially.

David Stockman, the White House Budget Chief, recently testified in front of a House committee in Washington and very bluntly stated that some of the community action agencies will survive but a lot of them are going to fail. His words were, and I quote: 'It is not appropriate for the federal government to perpetuate these weak corporations', with reference to those he feels are going to fail. We, frankly, don't know how strong financially and otherwise EOB and CSA are. We do not have excess to their entire operations. We fund a very small percentage of what they do, and while we are empowered to look at what we fund, we do not see their overall operations, so we can't say how strong they are. We hope that they survive because they do provide valuable services and we need them. We will be happy to work with them, but we do need the flexibility of checking operations, to evaluate performance and we don't like being tied to a private company, regardless of past performance or financial condition.

Mr. Nicholas: I assume that your office receives a substantial proportion of your funding from the federal government. What proportion is it?

Mr. Sullivan: 100%.

Mr. Nicholas: And your office is going to also be affected by the block grant direction?

Mr. Sullivan: Undoubtedly.

Mr. Nicholas: Is there a possibility that your office could be eliminated?

Mr. Sullivan: There is a possibility, yes, sir.

Mr. May: If the federal government does cut or reduce block grants and the Legislature takes no action, who, I assume the Executive Branch, would be charged with that responsibility for deciding who is to administer the funds?

Mr. Sullivan: When the funds come into the state, there will be a state agency involved in administering that process. We do have a process of passing funds through the state to local agencies, such as the EOP and CSA. They get a lot of their funding directly from the federal government, however, and from other sources, as well.

Mr. May: If we are not in session, who makes the decision as to what local government or entity will receive the distribution of federal funds?

Mr. Sullivan: It seems to me that it would be pretty much up to the Legislature and the administration. Without Legislature in

session, it seems to me that the administration will identify which agencies will be involved and those agencies will request of the interim finance committee authority to bring those funds into the state and spend them.

Ms. Linda Ryan: As Mr. Sullivan said, we are not quite sure how they will come down. I believe, though, the way the four social services block grants are proposed, we will have a strong involvement in two of them. I would see doing them basically the same way they are being done now - having the funds go to the agencies and to the areas where they have been allocated in the past. Therefore, Clark County would, naturally, be getting the largest part of the money from what we call the local initiative funding. We have no problem with either one of these agencies. It is just, as Mr. Sullivan said, we don't like to be locked in to a process that we don't, maybe, have any control over. If they should go out of business, we would have no agency to operate those funds in those counties if that's in your law. We feel right now that we have tried to stay as up to date as we can in what's happening in Washington. We feel right now that if this block grant process comes into being on October 1, we will be ready to handle it from any angle that we are involved at this time. This involves U. S. Department of Energy funds, Health and Human Services and Community Services Administration. We are also working a little bit with HUD and with Farmers' Home.

Mr. Dini: Do you feel that with the statutes we have now, you can handle this in an orderly manner.

Mrs. Ryan: Yes, I do. I also feel that until we know exactly what's going to happen, you might have to have special sessions or the Interim Finance, I'm sure could handle it, I would hate to see any legislation pin anything down until we know exactly what is going to happen and what the problems the state agencies will encounter at that time.

This concluded the testimony on AB-606.

The next bill to be heard is SB-567 - Empowers county and district hospitals to contract for emergency medical services.

Mr. Fred Hillerby, Executive Director of the Nevada Hospital Association: We are here to ask this committee's endorsement of SB-567. The events that led to the introduction of this bill occurred primarily in Washoe County in recent months and I am sure many of you have read of the efforts to get a helicopter ambulance service in this area. In that process, we discovered through legal counsel that there might well be some prohibition against a county hospital and a private hospital joint venturing

for such a service. It was our intent with this bill not to make it special legislation strictly for helicopter ambulance service, but to make it enabling legislation so that county and private hospitals and other entities who might provide services to patients could in fact joint venture to provide those services so that, hopefully, we could reduce duplication of services and effect some cost savings. Our intent is also to build a contract, but in addition, as you will find on Line 7 and 8, and probably the unique part of this, the opportunity to set up a third party organization to accomplish the intent of the contract between the hospitals or other entity. And, because there has been identified a need for the helicopter ambulance service up here and we are not sure what the future needs may be, but with that one in mind, we ask your expeditious handling of this bill.

Mr. Mello: When the county goes into the contract with private hospitals or with a third party and there is any liability - something happens, who is going to assume responsibility for the liability?

Mr. Hillerby: In a case where we set up a third party organization, we would insure that organization for the liability and that would be: we would have a separate malpractice or broad liability coverage for that corporation. Where the two hospitals were entered into a contract, both would.

This concluded the testimony on SB-567.

The next bill to be heard is AB-584 - Restricts change orders authorized by public bodies on public works projects.

Mr. John Crossley, Legislative Counsel Bureau Chief Auditor: This bill emanated from the review of the Washoe County Airport Authority that I did for you earlier. It has to do with the change orders and one of the things that I noted when we started the review was the change order procedure and we do have such a procedure at the state level, but found that nothing existed in the law as a requirement for the local governments. The Interim Committee addressed it this session and there is a bill SB-343 this session which takes off the lower limit as far as the state is concerned. The original law applied both 10% up and down. Mr. Crossley's letter dated May 8, 1981 and Capital Construction Change Orders report are attached hereto as EXHIBIT B, and made a part of these minutes. In the minutes of August 3, 1979, it was determined that there would be changes in the airline tenants and that this would be done through change orders. (This is part of EXHIBIT B). This is on the ninth page of the exhibit. They decided that rather than stopping work, they would issue change orders. In the minutes of March 13, it

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was brought up again. They were well down the line and at this particular point, they had already issued some \$7 or \$8 million in change orders on the terminal. There was much discussion about the change order review process, whether the change orders would delay the opening, and the percentage of markup on change orders. In another part of those minutes, in response to a question by Chairman Carano, Mr. Kadlic advised that he "had reviewed the statutes and found no problem with the change orders; they are within the basic contract bid as the changes are within the shell, and nothing new is being added to the basic construction outline". "The initial budget for the terminal building expansion has been exceeded; and contingency plans to deal with that overage have been discussed with the Board. Bond counsel has assured that no covenants of the bond ordinance have been violated regarding using more money than initially anticipated." The original terminal budget was \$18 million and at this particular point in time, they are at \$26.4 million. They had moved money from other parts of the budget and some items were deferred completely. In checking with counsel at the Legislative Counsel Bureau, there was nothing in the law where local governments were required to file change order procedures. I feel the bill should carry an amendment. 'Public body' is an all-inclusive term. In NRS-338.010, public body means the state, county, city, town, village, school district, or any public agency of this state or its political subdivisions sponsoring or financing a public work. I believe that between Lines 2 and 3, language should be inserted as follows: "Unless a public body has regulations defining any dollar or percentage limitations, exceptions, and procedures for obtaining and approving change orders on construction contracts," and then continue on with the bill. This gives management the right to make the decision. If they didn't want to make one, then they would have to follow the law.

Mr. Joe Cathcart, representing North Las Vegas, the northern group of the Local Government Purchasing Study Committee, testified: After reading the first bill, which was really totally unworkable, with this modification, I would rather have a little more time and come back with something else. Sitting as a member of the Board of Directors of NIGP, we have done considerable study on modifications on contracts and purchasing laws, and also, I worked on the American Bar Association's model code which specifically directs comments to this. This modification might possibly work, however, I would rather, work on it. The language is a little clumsy. The southern Nevada area has a Regional Offsite Improvement handbook which all of the entities have approved and it also faces that problem. It also specifies a certain percentage.

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Mr. Robert Sanford, Public Works Director, City of Reno: We would like to speak in opposition to this bill for the following reasons. During the past year and a half, we completed 21 contracts, eight of which went over 10% in change orders, or 38% of our projects. Contracts, such as our street patching, where we have extenuating circumstances, vary quite a bit. To issue a separate contract for this is just not practical at all. We have one contractor who does all the patching, no matter who cuts the street, whether it is the power company, the telephone company or a private contractor. We estimate what that will be, but the last one went about 114% over what we estimated. The power company and the telephone company did a large amount of work that we were not aware of. Our estimate was \$92,450 and it ended up being \$105,839 in change orders.

Mr. Pat Mulroy of Clark County: I would like to look at the amendments before commenting any further.

Mr. G. P. Etcheverry, Nevada League of Cities: We, too, oppose AB-584 as written. In looking at the amendment just briefly, I like the avenue of dollar percentage regulations by ordinance or resolution. I think at times these things have to take place; street projects, for one, fixed buildings, sewer plants, and this type of thing that local governments do get involved in. Sometimes a 10% change order is minimal. Sometimes it is way above. We should look at the bottom and the top end of these particular contracts because, with inflation and other things, it is hard to determine. Reference, I notice, was made to the Airport Authority. Hopefully, and I am not saying that what they did was right or wrong, with the change in the laws concerning the Airport Authority, maybe the regulations will then fall closer to local government purchasing procedures than they do at the present time. And that might be an approach. I do suggest that we hold off on this and look at the amendments and work with John Crossley to see if we can't make a better bill out of this.

Mr. John Madole, representing the Associated General Contractors: We were opposed to the original bill but we would also like to take a look at these amendments. It looks like it changes what the bill would do and, perhaps, something can be worked out. We thought it might take away the flexibility that might be required once in a while from a government agency to negotiate with that particular person. It might be more expedient or better for the taxpayers, in the long run. I understand the intent, and I understand that NRS-341 already does this on state work. Once in a while there could be a situation where putting another contractor on the job might actually foul things up, and that is what we are worried about. Perhaps, those things could

be addressed in this change that is being recommended.

Mr. Dini: If you people will work with Assemblyman Mello to see if you can come up with something. Mr. Jeffrey will also work with Mr. Mello and you.

This concluded the testimony on AB-584.

The next bill to be heard is AB-588 - Authorizes fire inspectors to issue citations for violations of fire codes.

Ms. Pat Mulroy, representing Clark County: AB-588 is very similar to AB-566, which was heard by this committee last week. We have no preference which bill is used as the vehicle to institute fire inspectors to be able to issue citations. As Chief Pappageorge told you last week, this is a necessary authority because it is difficult for a fire inspector to eliminate immediate life safety hazards, such as a blocked or locked exist without the authority to issue a citation. The only difference between this and the previous bill is that this one includes regulations issued by the state fire marshal. However, in Clark County we've incorporated state fire marshal regulations in our code, so the authority would be there, so it makes no difference to us which vehicle is used.

Mr. Dini: I think AB-566 has already passed the Assembly.

Ms. Mulroy: Yes, so, this bill is the same thing.

This concluded the testimony on AB-588.

The next bill to be heard is SB-518 - Removes limits on boundaries of service area of county fire departments.

Ms. Pat Mulroy, representing Clark County: During the last session, Clark County had requested a bill putting this into the Nevada Revised Statutes allowing counties to create fire service areas. However, at the time the bill was put into the statutes, boundary restrictions were included in the language which, when we went after the session and tried to create a fire service, made it physically impossible to do it. We could have taken the four urban towns and created a fire service area, but given these boundary restrictions, there was no way we could have included the areas that are growing rapidly down in Enterprise, nor the developments under Sunrise Mountain. Hence, we held off waiting for this legislative session to get these boundary requirements out because we found large pockets of BLM land which made it impossible to meet these restrictions.

We explored other avenues. You may know that we have a 474 district, the southwest fire district, which abuts the four

urban towns and we considered expanding the boundaries of the district to include the Enterprise area and then go to an inter-local agreement between the fire service area and the southwest fire district. However, in reading 474, the way the law is written, there are two mechanisms to create a district, one is by commission ordinance and the other is by petition of the people in the district. However, there is only one mechanism to either amend the boundaries or dissolve the district, and that is by petition for an election. Our problem is that the people who are the property owners who are the ones who have to petition the commission for such boundary revision, are out of state property owners. A great majority of them are, which makes such an election very costly. So, every avenue that we explored became an impossibility to create such a service area. On Page 2, Line 8, in Section 2, we never requested this language be included in the bill. This is the state foresters' purvue. We had requested on the Senate side that Section 2 be deleted from the bill, but it was never picked up when the reprint was drafted. We have no problem with Section 2 being deleted in its entirety.

Mr. Dini: How would that affect it if you did create a district in Clark County? It wouldn't affect you either way, would it?

Ms. Mulroy: No. We have Mt. Charleston, but we wouldn't include that in the district, anyway.

Mr. David Henry, representing Washoe County: Originally, this bill was requested by Washoe County and our original intention was to provide a fire service type of area that would fit Washoe County and not interfere with any other county, and give them an optional technique for creating a fire service area similiar to what has been described in Clark County, without interfering with any fire district that currently exists. The only fire district that we had in mind to dissolve was the Truckee Meadows Fire District and to bring it in to the Fire Department of the county and fund it in the same manner it currently is being funded. We wanted to emphasize that the references to a fire district that has an elected board should be left alone. We did not intend that; it was just drafted that way and we wanted to bring our suggestions at one time. The Clark-McNary type of district we would like excluded entirely from any consideration. We do not want to touch this type of district or any that functions like that. There is one in Washoe and one in Clark, and the option is for any county to be able to do this under this proposal. Secondly, the elected district: we would like to leave any elected district alone, unless they themselves want to come to the county commission and ask to be included. We would suggest giving the county commission the option and whatever kind of measuring device you



want to put on it. The option to create non-contiguous areas, for example, in Washoe would be Gerlach. With a small funding area up there where you have a tax base to fund, about all you could do would be a beefed up volunteer with one paid man or maybe someone comes out from the central office and gives some fire prevention training and fire drills, etc. Some kind of a technique that they could have a higher level than just a group of people that meet every Saturday night and take up a collection to run their volunteer organization. It should be someway to get some money into an organization. Different places in the county that may grow up all of a sudden and require service - we would like the flexibility of a non-contiguous boundary. If you have a liability out there or some kind of fire hazard that you need to cover, you should be able to put a loop around the area and ask the people there if they want it or not. This kind of an operation would become eligible for the city and county supplemental relief tax, and for that reason, it would have to have a requirement that the formation of such service areas would be on or before the beginning of each calendar year so that there would be enough time for the assessors to put them in a tax code area. They would also have to come before the legislative interim committee for allocation of funds from the city-county relief tax. You would have to have a lead time of at least eight months. We think that the non-contiguous boundary with some kind of a device to make sure that the people who are in that area are consulted, one way or another, would be a very desirable arrangement. The formation of a new service area would be treated like the formation of a new entity, so there are checks and balances. There is no disagreement from Douglas or Clark County. Douglas is potentially in line for the greatest use of this particular proposal.

Mr. Nicholas: Do you have any objection to the elimination of Section 2? I assume that the bill will not have an impact on the present existing service locations that the Truckee Meadows is maintaining on the equipment that is there? Would there be any loss or change in funding by this act for the county - the predominantly rural area?

Mr. Henry answered 'no' to all three questions. He stated that there is no intention to dilute any existing service level.

Mr. Lody Smith, State Forester Fire Warden: We spoke to the Section 2, which is Chapter 473, the Clark-McNeary Act, the portion of fire districts throughout the state that I administer through my office of the Division of Forestry. We have a joint responsibility with structure fire and wild land responsibility and the wild land responsibility, of course, is the reason why most of the other fire agencies do not want to have anything to do with the 473 district. I believe that Section 2

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should be removed from this because the state, over the years, has a tremendous investment in the fire protection capabilities that the Division of Forestry now possesses. These, under 473, are federally funded in the wild land capabilities of the Division. Therefore, I request that you take out Section 2 because I don't think it is appropriate and does not meet what the fire agencies are trying to do in this area.

Mr. Julius Conigliario, City of Las Vegas: Our main concern with SB-518 was that language which we had put in through an amendment in the Senate, remain in the bill. The language is that the area to be served by the fire department must not include any territory within the boundaries of an incorporated city, inasmuch as the city has its own fire department which is a Class 2, the best in the nation, and the city has adequate means, I am sure, to provide protection to people. We wish that to remain in the bill. Another problem we might have is those boundaries that are contiguous with the city, the people may petition the city for fire protection rather than the county. Of course, this bill does not address that. It is our concern that we have certain areas that are contiguous to us where we could provide very good protection because the stations are already there. Perhaps, something on that order might be feasible with regard to the city; that if the people petition for fire protection in properties that are contiguous with the city, and the city has the capability under its classification to provide that protection, that the people should be allowed to do that.

Mr. Dini: Can't you do that now?

Mr. Conigliario: No, not if this bill goes through.

Mr. G. P. Etcheverry, Nevada League of Cities: I also would like to see Section 2 removed. There is a cooperative agreement with the county that allows Ely, McGill and Ruth to get fire protection from the Ely Fire Department, even as far as Baker. On Page 1, Section 1, subsection 2, Lines 6-8, the wording 'contiguous' and 'compact' gives us problems. In most areas, we already provide these services.

Mr. Dini: If we don't pass this bill at all, what happens?

Ms. Pat Mulroy: We stay where we are now. We would be in the same predicament we are in now. We have the areas that are growing outside the unincorporated towns that require fire protection but they are not paying for the service and, right now, under a moral obligation, we give them service, anyway. Without it, they will continue to be able to get free service.

Mr. Smith: The basic problem that faces this kind of a service is that if you levy a tax that is county-wide and goes inside a city and goes inside unincorporated town and then provide that service outside of either the city or outside of that unincorporated town, then you have the basis for a legitimate complaint by the taxpayer who already is paying for a fire service in the city or unincorporated town wherein you have a fire department. The device that is being sought in SB-518 is one that allows the county to create in effect a taxing zone outside of the city and if you have an unincorporated town, you may remove the tax charge that you are making for the fire service in the town and put it on this kind of a service area, or you may leave it in the town and charge the town and transfer the money to this kind of a fire district. You have some balancing out. There is an attempt to avoid double taxation for fire service. But, in any case, if an area gets the service, they certainly should pay something towards that service. With regard to an arrangement with the city, it might be well to have language to urge a cooperative venture with the city, wherein there is a city fire department; the point being that the city taxpayers should not have to pay for that service, but the outside taxpayer could put money into this fire fund and there could be services from the city that has a fire station adjoining an area that has just grown up.

This concluded the testimony on SB-518.

Mr. Dini: I think what we will do on this bill is assign a committee (Mr. May, Mr. Schofield and Mr. Dini) to work out the details with those people here interested in this.

Mr. Dini: Last week, we killed SB-390 and I would like to have you reconsider it. Mr. May moved to RESCIND ACTION PREVIOUSLY TAKEN ON MAY 5, 1981. Mr. Nicholas seconded. Motion carried with Mr. Mello voting "NO". Mr. Nicholas moved a DO PASS, seconded by Mr. DuBois. Motion carried, with Mr. Mello voting "NO".

On AB-606: Mr. Redelsperger moved to INDEFINITELY POSTPONE, seconded by Mr. DuBois. Motion carried.

On SB-567: Mr. Nicholas moved a DO PASS, seconded by Mr. Jeffrey. Motion carried.

On AB-584: Mr. Dini appointed a subcommittee: Mr. Mello and Mr. Jeffrey.

On AB-588: Mr. Schofield moved to INDEFINITELY POSTPONE, seconded by Mr. Jeffrey. Motion carried.

On AB-168: There was an amendment put in the Senate and Mr. Vern Bennett, Executive Officer of the Public Employees Retirement System testified on this bill.

Mr. Bennett: The first thing I would like to clarify to your committee is the reason the amendment went in to the Senate rather than before your committee. It all happened two weeks ago at the Retirement Board meeting in Las Vegas. The situation was that we were considering a loan on a hospital and it became a very controversial hospital because there was a grand jury investigation and both a private attorney and a Washoe District Attorney were trying to take our confidential loan proposal records. The Attorney General was telling us that our policy was valid and that those were confidential records and that we should not release them. We were able to get a waiver from the borrower to release them to the Washoe District Attorney, but we still have concern and we have a private attorney who is appearing before the board at the June meeting to challenge our current policy not to have our mortgage and real estate proposal documents public. The recommendation came from not only the Retirement Board, but the Attorney General's office, that we get legislative approval. We have actually liberalized from our present policy in the law and in the amendment. Our present policy is that we don't make public our loan documents at all. This is consistent with what banks, savings and loans and any other people would do. If you do make them public, you won't be doing loans.

What we have stated in the bill is that when a proposal comes in, as long as we are in the consideration stage, the document will be confidential. If the board does not approve a loan, we return all the documents to the borrower and then he can do with them as he will. If the board approves a loan, the records then become public, except sensitive documents, such as wills, income tax statements, etc. We requested the amendment which is also suggested by the Attorney General's office and that is the reason it was placed in the Senate. The amendment is in Section 23.5, Page 17, Lines 13 through 21. This is not necessarily a new precedent-setting thing. The Gaming Commission keeps their records totally confidential and one of the concerns we have is that we do casino loans in which the borrowers stipulate very carefully that they want their records kept confidential. We have been doing this for five years upon recommendation of the Attorney General. We feel, and he feels, as of the last board meeting, that we better put it in the law, rather than it being based upon his interpretation.

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Mr. Bennett continued: I have a letter from Dick Bryan, if you would like me to read it? A copy of the letter dated April 27, 1981 is attached hereto as EXHIBIT C, and made a part of these minutes. We feel very strongly that if we do not have this clarification, very few casinos will apply for loans because their current financial records are confidential. Very few borrowers, period, would apply for loans, because as you come in at the proposal stage and you are trying to develop a project, if anybody can walk in and see those records, other people will also try to develop projects right next to it or will try to deal with other people. Recently, we had a casino in Las Vegas where a person came to for a loan. He had an option to buy the property and we had another major nationwide, well-recognized group that was also trying to buy the casino at the same time. If they could have walked in and had access to what this gentleman could do, that could have been very revealing and killed the whole deal. So, we feel this is something that is very necessary.

Mr. May: Who are you in competition with? Banks, primarily?


Mr. Bennett: We are not really in competition with the banks, because banks usually do only construction loans, short term loans and they won't do a loan over \$2 or \$3 million. Our biggest competitors are insurance companies.

This concluded discussion on AB-168.

Mr. Dini presented BDR-34-898\* from the University for consideration by the committee. Mr. May moved FOR INTRODUCTION, seconded by Mr. Jeffrey. Motion carried.

Mr. Dini stated as there was no further business, the meeting was adjourned at 10:10 A.M.

Respectfully submitted,

  
Lucille Hill  
Assembly Attache

\*AB 641

ASSEMBLY GOVERNMENT AFFAIRS COMMITTEE

GUEST LIST

Date May 11, 1981

PLEASE PRINT

<u>PLEASE PRINT YOUR NAME</u>	<u>PLEASE PRINT REPRESENTING:</u>	<u>I WISH TO SPEAK</u>		
		<u>FOR</u>	<u>AGAINST</u>	<u>BILL NO.</u>
Pat Mulroy	Clark County	✓		SB 518
		✓		SB 588
Robert C. Sanford	City of Reno		✓	AB 584
J. Deil Hogged	EOB of Clark County	←	✓	AB 606
John Crossman	LCB - Audit			AB 584

A  
Mr. Chairman and members of the committee  
"Good Morning," I am J. David Hoggard,  
Executive Director of the Economic Opportunity  
Board of Clark County and am appearing  
before you this morning seeking your  
affirmative action for A.B. 606.

Briefly for those who may not be aware,  
permit me to quickly give a summarized  
history of the Economic Opportunity Board and  
why I believe it important to adopt this  
proposed piece of legislation.

The Economic Opportunity Board of Clark County is  
a private non-profit corporation, organized  
under Nevada revised statutes in 1964, in  
conformance with the requirements of the Economic  
Opportunity Act of 1964 and subsequently  
amended. Upon receiving its charter, it  
was designated by the then Governor of  
Nevada and the then sitting Board of  
County Commissioners for Clark County as  
the agency to administer programs and  
funds coming into the area under the  
act.

From that early beginning, with a staff  
of two, ~~the government~~ <sup>the government</sup> first administered, Neighborhood Youth  
Corps (NYC) funded through the Department of Labor  
~~and~~ Head Start grants ~~delegated to Clark County~~  
in 1965. Total funding for these first three grants  
was less than \$150,000. Today the Economic Opportunity  
Board of Clark County is the largest non-public

agency in the state delivering comprehensive  
social services to the poor and near poor,  
and the truly needy citizens of Nevada.

Today the agency has 224 employees and responsibility  
for more than forty grant programs and contracts  
totaling more than five million dollars with  
funding from federal, state and local sources with  
approximately 10% from local political entities in  
Clark County.

With the most expedient use of these resources  
it is only possible to reach and serve about  
25% of the eligible 35,000 for anything from pre-natal  
care in the WIC program to transportation to the  
senior and handicapped for medical attention.

For the 16 years of OEO/CSA existence  
in Clark County, the EOB has never had a "bad"  
audit - We have had a few questioned costs but to my  
recollection never any disallowed costs. For the last  
two years we have not had any questioned costs  
either CSA or HEW funding.

~~It is my hope~~

From the volunteer 3 member



STATE OF NEVADA  
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE BUILDING  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89710



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ANDREW P. GROSE, *Research Director* (702) 885-5637

May 8, 1981

Assemblyman Joseph E. Dini, Chairman  
Government Affairs  
Legislative Building  
Carson City, Nevada 89710

Dear Assemblyman Dini:

AB 584 is currently before your committee. I have done further research in this area, and believe that the bill should be amended to where between lines 2 and 3, we insert language that would provide "Unless a public body has regulations defining any dollar or percentage limitations, exceptions, and procedures for obtaining and approving change orders on construction contracts," and then continue with the rest of the language in the bill.

I believe that the effect of this would be that public bodies would then be required to develop regulations regarding change orders. As you know the State Public Works Board has regulations regarding this, so this would fit for the State because the term "public body" is an all inclusive term. Also, with this kind of an amendment, we are giving them some management prerogative in determining how they want to handle change orders.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "John R. Crossley".

John R. Crossley, C.P.A.  
Legislative Auditor

JRC:hjr

584  
2209

Exhibit B

AB 584  
CAPITAL CONSTRUCTION CHANGE ORDERS

1. Background
  - a) 1968 Legislative Audit
  - b) 1979 Interim Study  
Bulletin No. 81-2
  - c) Existing State Law
2. Airport Authority of Washoe County
  - a) Minutes of August 3, 1979
  - b) Minutes of March 13, 1980
  - c) Approval of change order 32-38

STATE OF NEVADA  
PLANNING BOARD CONSTRUCTION FUND  
SCHOOL PLAN CHECKING FUND  
OPTION FUND  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1968

LEGISLATIVE COUNSEL BUREAU  
ROBERT E. BRUCE, FISCAL ANALYST  
CARSON CITY, NEVADA

## CONTRACT CHANGE ORDERS

After one contract was awarded as a result of competitive bidding, nine change orders were negotiated with the original contractor, as described below:

	<u>Amount</u>	<u>% of Original Contract</u>
Original Contract	\$ 73,614.00	100.0%
Change Orders	<u>104,464.62</u>	<u>141.9</u>
Total Project Cost	<u>\$178,078.62</u>	<u>241.9%</u>

The reason for these change orders arose out of the availability of donated funds to improve the project after the original appropriation was made and the original contract was let.

Pursuant to a legal opinion prepared by our legal counsel (Appendix A), the existing statutes are not clear regarding the use of change orders which are substantial in amount as compared to the original contract.

### RECOMMENDATION

We recommend that the Legislature consider clarifying by legislation the use of change orders to accomplish additional work when additional funds are subsequently made available for the project.

The Legislature, through Chapter 419, Statutes of Nevada, 1971, (SB 620) authorized the State Planning Board, now the Public Works Board, to authorize change orders not to exceed a certain percentage of the awarded contract price. That particular authorization now is contained in NRS 341.150(f) which reads as follows:

Have authority to authorize change orders, prior to or during construction, not to exceed in the aggregate 10 percent of the total awarded contract price.

This particular authorization applies both to decreases and increases.

State Public Works  
Interim Study - 1979-81  
Bulletin NO 81-2

D. Construction

The final linear phase in the construction delivery approach followed by the SPWB is the actual construction of the project. Once the project reaches this phase, it is generally agreed that no major cost benefits are going to be realized because the major cost benefits are normally achieved early in the design phase of the project.

Although the subcommittee agreed with the above statement, it believed that there were several areas requiring improvements in the construction phase. These areas deal with change orders and the prevailing wage rate for public projects.

✓ Change Orders

Successful bidders are questioned prior to commencing construction on a project as to whether there are any areas where construction changes can be made to reduce the project's cost without affecting the quality and function of the project. According to testimony by the Board, general contractors have recommended changes which have been authorized by the SPWB and which resulted in project budget reductions in approximately 60 percent of the projects awarded.

The only incentive to the contractor for these recommended changes is that his overhead and profit remain the same. Because of general contractors proven ability to reduce project costs and the extensive use of incentives to contractors by the Federal Government for value management ideas, the subcommittee discussed the possibility of the SPWB's offering additional incentives for cost saving value management ideas.

However, after some discussion, the subcommittee rejected the idea due to a strong possibility of design deterioration and construction delays which could occur because of the additional work and pressure placed on the SPWB's staff from general contractors trying to exploit the benefit.

Although this may or may not happen, the subcommittee believed additional study was needed in this area and therefore concluded that the principal incentives of overhead, profit and time were adequate at this time.

The subcommittee also noted that implementation of value management ideas resulting in more than a 10 percent differential in the awarded contract price for a project is prohibited by NRS 341.150(f). The subcommittee requested a legal opinion from the Legislative Counsel as to whether there were any prohibitions to removing this provision. The Legislative Counsel indicated that the provision could be deleted by legislation. (Legislative Counsel's opinion is attached as Appendix G.)

The subcommittee recommended amending NRS 341.150(f) to eliminate the 10 percent limitation that an awarded project contract amount can be decreased.

#### Prevailing Wage Rates

General contractors engaged on state public works projects are required to pay their employees the prevailing state wage rate or, if higher, the prevailing federal wage rate, on state projects supported with federal funds. The general contractors must also provide monthly payroll reports to the State Labor Commissioner and weekly reports to the Federal Government if a state project includes federal funds.

According to testimony, the prevailing state and federal wage rates and wage reporting requirements are one of the contributory reasons for public projects costing more than those in the private sector.

The prevailing state wage rate is determined by the State Labor Commissioner primarily from information gathered from the Federal Register on prevailing federal wage rates, and Nevada's labor organizations' wage scales. It was noted that the prevailing state wage rate is identical to the labor union wage scale and the prevailing federal wage rate appears to be slightly less than union scale.

Testimony by the building associations indicated that, if prevailing wage rates are to be required for public projects, the state should mandate the prevailing federal wage rate be applied in lieu of the state's. Also the building association representatives testified that, if the prevailing federal wage rates were adopted, then the monthly filing of payroll reports with the State Labor Commission should be discontinued since this is not a by-product of

SB 342

— 3 —

1 (b) [Solicit] Shall solicit bids for and let all contracts for new con-  
2 struction or major repairs.

3 (c) [Have authority to] May negotiate with the lowest responsible  
4 bidder on any contract to obtain a revised bid if:

5 (1) The bid is less than the appropriation made by the legislature  
6 for that building project; and

7 (2) The bid does not exceed the relevant budget item for that  
8 building project as established by the board by more than 10 percent.

9 (d) [Have authority to] May reject any or all bids.

10 (e) After the contract is let, [have] has supervision and inspection of  
11 construction or major repairs. The cost of supervision and inspection  
12 [shall] must be financed from the capital construction program approved  
13 by the legislature.

14 (f) [Have authority to] may authorize change orders, [prior to]  
15 before or during construction [, not] :

16 (1) In any amount, where the change represents a reduction in the  
17 awarded contract price.

18 (2) Not to exceed in the aggregate 10 percent of the total awarded  
19 contract price [,], where the change represents an increase in that price.

20 (g) [Have] Has final authority to accept each building as completed  
21 or to require necessary alterations to conform to the contract, and to file  
22 the notice of completion.

23 (h) [Establish] Shall establish such capital projects construction funds  
24 as are necessary to account for the capital construction program approved  
25 by the legislature. These funds [shall] must be used to account for all  
26 revenues, appropriations and expenditures restricted to constructing build-  
27 ings and other projects which come under the supervision of the [public  
28 works] board.

29 SEC. 4. NRS 341.155 is hereby amended to read as follows:

30 341.155 [1. It is expressly prescribed to be the duty of the board of  
31 regents of the University of Nevada to use the services of the state public  
32 works board, as provided in NRS 341.150, for the construction of all  
33 buildings, the money for which is appropriated by the legislature, upon the  
34 real property of the university.

35 2.] With the concurrence of the board [of regents of the University  
36 of Nevada, the state public works board], the board of regents of the  
37 University of Nevada and any other state department, board or commis-  
38 sion may enter into agreements with persons, associations or corporations  
39 to provide [to the University of Nevada System educational] consulting  
40 services [relating to the determination of the future needs and the plan-  
41 ning of necessary programs and facility needs at the university.

42 3. Any such contracts shall] to determine and plan the construction  
43 work that may be necessary to meet the needs of the programs of those  
44 agencies. These contracts must be for a term not exceeding 5 years and  
45 [shall] must provide for payment of a fee for [such] those services not  
46 to exceed one half of 1 percent of the total value of:

47 1. In the case of the University of Nevada, building construction con-  
48 tracts relating to the construction of university campus facilities;

2216



supervise and inspect construction or major repairs. The cost of supervision and inspection [shall] must be financed from the capital construction program approved by the legislature.

(f) [Have authority to] May authorize change orders, [prior to] before or during construction, not to exceed in the aggregate 10 percent of the total awarded contract price.

(g) [Have] Has final authority to accept each building as completed or to require necessary alterations to conform to the contract, and to file the notice of completion.

(h) [Establish such capital projects construction funds] Shall establish such funds for projects of capital construction as are necessary to account for the [capital construction] program of capital construction approved by the legislature. These funds [shall] must be used to account for all revenues, appropriations and expenditures restricted to constructing buildings and other projects which come under the supervision of the public works board.

19 21 81

SB 172

Section 1

Chapter 30

1981 Statutes

AIRPORT AUTHORITY OF WASHOE COUNTY

BRIEF OF MINUTES  
Friday, August 3, 1979

MEMBERS PRESENT:

Silvio Petricciani, Vice Chairman  
Elizabeth M. Morris, Secretary  
H. Marvin Byars, Trustee  
Jerry Higgins, Trustee  
George D. Hutchins, Trustee  
Donald L. Carano, Trustee - 4:20 p.m.

ALSO PRESENT:

Robert L. Mandeville,  
Executive Director  
Kenneth R. Joule,  
Director of Airport Operations  
Robert L. Kendro,  
Director of Finance  
John J. Kadlic,  
Deputy District Attorney

MEMBERS ABSENT

George E. Aker, Treasurer

The Board met in special session in the Washoe County Administration Building, 1205 Mill Street, Reno, Nevada, called the roll and conducted the following business:

CHANGE ORDER NO. 5, VASKO/NIELSEN-NICKLES CONTRACT

Change Order #5 to the contract for the terminal building expansion with Vasko/Nielsen-Nickles Co. provides for finished tenant space in the south concourse. Mr. Mandeville reviewed in depth the proposed construction involved in the change order; the unfinished space was not in the original contract. An analysis of the contract since the original award of \$15,610,000 was provided; Mr. Mandeville reviewed the contract since its inception. The City of Reno entered into a contract with Burns and McDonnell in February, 1977, as design leader for the terminal building expansion project. Burns and McDonnell associated with several Reno based architects and engineers in order to comprise the entire design team. From February, 1977, through September, 1978, the design team was designing the terminal facility for three carriers, United, Air West and Western. During the latter design phase (summer of 1978) it became evident that there would be changes in the airline tenants. In August, 1978, it was determined that the design must be frozen to get the contract ready for the revenue bonds. Future change orders are anticipated for ticketing and back office areas and additional modification to the south concourse. There may be as much as another \$1 to \$2 million in change orders needed to accomplish this task; and Mr. Mandeville reviewed the anticipated changes the carriers will be making.

The improvements are requested and will be paid for by the carriers through either present bond funds or additional debt.

4:20 p.m. - Chairman Carano present.

It is felt that the only alternative, to finish the contract without change orders and then enter into a second contract for the interior building finishes, is not a viable option in terms of the needs of the airlines.

On motion by Trustee Morris, second by Trustee Carano, which motion duly carried by unanimous roll call vote, Change Order No. 5 to the Vasko/Nielsen-Nickles Co. contract for the terminal building expansion in the amount of \$954,181 was approved, and the Chairman was authorized to sign.

#79-139, CHANGE ORDER NO. 7, VASKO/NIELSEN-NICKLES CONTRACT

2218

The design team has been working closely with the City of Reno Fire and Building Departments with respect to the temporary bag claim and north, south and Airwest concourses. A temporary certificate of occupancy was issued with the agreement that

## BRIEF OF MINUTES

Thursday, March 13, 1980  
3:30 p.m.

Mr. Mandeville reviewed some anticipated changes to the Western, Air California, and United spaces and advised that some of United's changes will be in the form of a change order with United assuming the cost of those changes. United feels it is in the best interests of the project not to confuse it with multiple general contractors.

Mr. Mandeville advised that at one point consideration was given to stopping work to allow for redesign. It was determined at that time that the better approach was to continue with the contract, dealing with the changes as they arise.

There was much discussion about the change order review process, whether the change orders would delay the opening, and the percentage of markup on change orders.

Mr. Mandeville noted that a mailgram was in route from Ken Lemke, Chairman of the Airport Affairs Committee, and Dave Montano, Chairman of the Technical Committee, indicating the airlines' support for the expansion program and the change orders.

There was some discussion about the status of the airline agreements. Mr. Mandeville noted that no signed agreements have been received from the new carriers; they are anticipated shortly and no serious problem is foreseen. The airlines did not receive their agreements until January, 1980. Management concurs, however, with the signatory airlines that before any capital projects or changes to the project will be considered signed agreements must be received.

Chairman Carano expressed concern that the extras not put out for competitive bid are becoming a major item.

Mr. Avery noted that bidding the change orders would have caused delays; any time a second contractor is inserted in a major project, it will impact the first contractor and create delays for both.

Mr. Mandeville indicated that the airlines have been advised that any future change orders which could delay the project will not be considered.

In response to a question by Chairman Carano, Mr. Kadlic advised that he had reviewed the statutes and found no problem with the change orders; they are within the basic contract bid as the changes are within the shell, and nothing new is being added to the basic construction outline.

The initial budget for the terminal building expansion has been exceeded; and contingency plans to deal with that overage have been discussed with the Board. Bond counsel has assured that no covenants of the bond ordinance have been violated regarding using more money than initially anticipated.

In response to a question about the effect on the rate base formula of a decrease in the number of airlines, Mr. Mandeville indicated that the signatory carriers have agreed to fund the expansion project.

Mr. Mandeville reviewed the amendment to the signatory carriers' agreements which was negotiated before the seven new carriers began service and (1) expanded the concept of the project from \$3 million to \$60 million; (2) increased the term of the agreement to 1996; and (3) provided a means for dealing with unanticipated capital improvements which might be needed under the longer agreement. He reviewed the formula for capital improvements not outlined in the agreement under which the airlines can defer a project not listed for a maximum of twenty-four months, at which time the Authority can proceed, charging the rate base formula.

Mr. Protzmann reviewed in detail a summary of the project costs and the changes in that summary since it was first prepared.

AIRPORT AUTHORITY OF WASHOE COUNTY

BRIEF OF MINUTES

Thursday, March 13, 1980  
7:00 p.m.

MEMBERS PRESENT:

George E. Aker, Treasurer - 8:26 p.m.  
H. Marvin Byars, Trustee  
Donald L. Carano, Chairman  
Jerry Higgins, Trustee  
George D. Hutchins, Trustee  
Elizabeth M. Morris, Secretary

ALSO PRESENT:

Robert L. Mandeville,  
Executive Director  
Kenneth R. Joule,  
Director of Airport Operations  
Robert L. Kendro,  
Director of Finance  
H. E. Protzmann, Director of Planning,  
Engineering & Maintenance  
John J. Kadlic,  
Deputy District Attorney

MEMBERS ABSENT:

Silvio Petricciani, Vice Chairman

The Board met in regular session at the Washoe County Administration Building, 1205 Mill Street, Reno, Nevada, at 7:00 p.m., called the roll and conducted the following business:

APPROVAL OF MINUTES

On motion by Trustee Higgins, second by Trustee Hutchins, which motion duly carried by unanimous vote of those present, the minutes of February 14 and 28, 1980 were approved as submitted.

APPROVAL OF BILLS, WARRANTS & DRAFTS

On motion by Trustee Morris, second by Trustee Higgins, which motion duly carried by unanimous vote of those present, warrants 593 through 599, 738 through 739, and 749 through 862 dated March 13, 1980 totaling \$320,269.25 were approved and payment authorized.

80-42, CHANGE ORDERS 32-38, VASKO/NIELSEN-NICKLES CONTRACT

On motion by Trustee Byars, second by Trustee Hutchins, which motion duly carried by unanimous vote of those present, Change Orders 32 through 38 to the Vasko/Nielsen-Nickles contract totaling \$1,523,652 were approved and the Chairman authorized to sign.

80-43, STREET NAMING, AIRPORT PROPERTY

Following Mr. Joule's review, Trustee Morris advised this was a discussion subject of the Standards Committee, the street names still being open for suggestions. Mr. Joule advised, in response to Trustee Higgins' question, that streets were named at the request of the Regional Planning Commission.

On motion by Trustee Hutchins, second by Trustee Morris, which motion duly carried by unanimous vote of those present, the street names designated in Memo 80-43, Sky Way, Aviation Boulevard and Aero Drive, were approved. 2220

March 7, 1980

To: Chairman &amp; Board Members

Memo #80-42

For: Mar. 13, 1980

From: Executive Director

Subject: CHANGE ORDERS 32 THRU 38 TERMINAL BUILDING  
EXPANSION CONTRACT

Purpose:

To obtain Board approval of Change Orders 32 thru 38 to the Terminal Building Expansion contract.

Discussion:

The Change Orders under consideration are described in detail in the attached information supplied by the design team. Following is a brief summary of those changes.

Change Orders 32 thru 35 cover a series of modifications necessary to meet job conditions that could not be foreseen until construction progressed:

C.O. 32	Door & Window Modifications	\$20,422
33	Finish & Siding Modifications	19,945
34	Roof & Miscellaneous Mods.	26,746
35	Site Work Modifications	74,477

Change Order 36 covers three areas of major changes. The largest is the finishing of the south ticket lobby, back counter offices and bag makeup areas for 5 airlines that did not have their requirements defined at the time the contract was bid. Only shell space was provided in the contract at the time of bidding. The second major change is finishing of the Authority Administrative Office area. The original design for the Administrative Offices was accomplished prior to the formation of the Authority and the preparation of the Organization and Personnel Review Study by Peat, Marwick & Mitchell. Only sufficient finished area was included in the contract to accommodate the staff of the City Department of Airport. The subsequent development of the Airport Authority staff has more than doubled the requirement for administrative office area.

The third major change involves modification of systems in the south concourse to meet airline requirements. Two additional modifications of lesser magnitude are included in the change order. First is HVAC changes in the connector concourse to accommodate the future south security checkpoint. Second is extension of water and waste lines to the concourse concession areas. Total cost of C.O. 36 is \$1,248,971.

cont'd.

Change Orders 37 and 38 cover work for United Airlines and Braniff and will be funded by them.

C.O. 37	United Airlines changes	\$120,830
C.O. 38	Braniff changes	12,262

Summary:

C.O. 32	\$20,422
33	19,945
34	26,746
35	74,477
36	1,248,971
37	120,830
38	<u>12,262</u>

Total C.O. 32-38 \$1,523,652

Fiscal Impact:

The fiscal impact of the above change orders will be discussed in depth at the Board Workshop meeting on March 13th.

Recommendation:

That the Board approve Change Orders 32 thru 38 to the Terminal Building Expansion Project and authorize the Chairman to sign.

Respectfully submitted,

*for*   
 \_\_\_\_\_  
 Robert L. Mandeville

RLM:HEP:as  
Attachments

Change Order 32: Contains five (5) items of revisions:

- (1) A credit for changing hollow metal frame gauge from 14 gauge to 16 gauge because of extended delivery time of the heavier gauge.
- (2) Increase in bag makeup overhead door height from 8 feet to 10 feet to meet airline requirements and a modification of these door frames to withstand heavier wear from bag trains.
- (3) Increase in size of door from existing boiler room area to exterior to allow removal of equipment.
- (4) A new door into the existing mechanical area above the restaurant to allow service and equipment passage. The work includes sawcutting on existing concrete wall.
- (5) Add window bracing at administrative area to resist wind load.

(1)	\$ 1,215
(2)	11,688
(3)	1,072
(4)	1,884
(5)	6,993

TOTAL COST THIS CHANGE ORDER NO. 32: \$20,422.00

Change Order 33: Contains six (6) items of revisions:

- (1) Extension of concourse floor wall material, studs, and insulation to the height for weather-tight purposes.
- (2) Wall furring at concourse stairwells to allow for plumbing piping to run between floors.
- (3) Credit for change of gauge of wall studs in concourses because of difficulty in availability of studs.
- (4) Siding cut and flashed at existing hold rooms roof edge to allow proper sequence of construction to proceed without exposing existing concourse to the weather.
- (5) Rib revision in front canopy to allow drainage gutter flow to pass uninterrupted and modification of drip at canopy fascia.
- (6) Modification of ceiling to exchange a vinyl faced removable gypsum suspended on T-bar under concourses for better access to utilities.

(1)	\$5,654
(2)	7,199
(3)	(1,350)
(4)	6,442
(5)	-0-
(6)	<u>-0-</u>

TOTAL COST THIS CHANGE ORDER NO. 33: \$19,945.00



Change Order 34: Contains six (6) miscellaneous revisions:

- (1) Relocate and brace exterior lighting fixtures at bag makeup and revise bag claim to avoid penetration of new roof.
- (2) Roof modifications above bag makeup to allow for future second floor.
- (3) Modify slightly in slope ramp from second floor north security lobby to second floor security office to accommodate handicapped requirements.
- (4) Raise several roof hoods and apply roofing to avoid parapets.
- (5) Add carpet borders in exchange for a reduced pile height to meet flame spread requirements.
- (6) Change water resistant membrane in second floor toilet rooms to reduce possibility of leaks in slabs..

(1)	\$3,681
(2)	4,137
(3)	219
(4)	7,408
(5)	2,018
(6)	<u>9,283</u>

TOTAL COST THIS CHANGE ORDER NO. 34: \$26,746

Change Order 35: Contains three (3) revisions:

- (1) Modify and add paving at the bag claim areas to include more fill for improved drainage.
- (2) Grade changes on a manhole at the apron required a cover plate to protect the manhole.
- (3) A number of grading and paving modifications resulted from field conditions.

(1)	\$63,177
(2)	603
(3)	<u>10,697</u>

TOTAL COST THIS CHANGE ORDER NO. 35: \$74,477

Change Order 36: Contains eight (8) major elements:

- (1) Mechanical modifications in the west portion of the terminal revising underground ductwork.
- (2) Interior partition ceiling, door and floor additions and modifications to the south portion of the terminal including ticketing, back counter, airline offices and bag makeup. Finish mechanical and electrical work is included.
- (3) Re-circuiting of electrical in west terminal north of grid line Q, to put lighting control on computer.
- (4) South ticket exterior and plumbing to comply with new airline tenant requirements.
- (5) Administrative modifications to include revisions and additions of partition ceilings, and floors. Also included are electrical and lighting modifications.
- (6) South concourse modifications including considerable mechanical work for airline concourse areas.
- (7) Heating, ventilating and air conditioning modifications to connector concourses to accommodate future south security lobby addition and includes relocation of air handling units and distribution.
- (8) Addition of waste lines from concession areas to existing waste lines and stub in of water.

(1)	\$ 23,524
(2)	443,534
(3)	125,287
(4)	136,351
(5)	303,457
(6)	129,000
(7)	77,877
(8)	<u>10,244</u>

TOTAL COST THIS CHANGE ORDER NO. 36: \$1,248,971

Change Order 37: Contains three (3) modifications requested by United Airlines:

- (1) Modifications to the United curbside bag tunnel including removal of the enclosure in the bag makeup area.
- (2) Additions and revisions to the concourse area including added duct banks for utilities.
- (3) Enclosing the bag makeup area including overhead doors and walls and mechanical and electrical modifications.

TOTAL COST THIS CHANGE ORDER NO. 37: \$120,830

Change Order 38: Includes the following revision to Braniff Airlines area:

- (1) A modification to the mechanical system in two rooms and revised lighting and ceilings to accommodate this and a floor drain added to their space.

TOTAL COST THIS CHANGE ORDER NO. 38: \$12,262

Exhibit C

**THIS EXHIBIT IS MISSING FROM BOTH THE ORIGINAL  
MINUTES AND THE MICROFICHE.**